PART 1
Global level

Prof. Thomas Risse, Professor of International Relations, Co-ordinator of Research Center (SFB) on 'Governance in Areas of Limited Statehood', Freie Universität Berlin
Business and public policy making at the global level

At the beginning of the workshop Prof. Thomas Risse gave a short presentation of the research project and the SFB in general.
Within his speech he raised the core questions that lay the ground for the following discussions.

1. Why does business engage in CSRs and sustainable development although on the first sight this seems not to promise monetary benefits? And why are states and international organisations interested in business engaging in CSRs? He states that despite of existing international regulatory frameworks, the implementation on the practical level is limited due to a lack of capacity on the ground. The question is, who will change that.

2. By which means could better implementation be achieved?
   a. Associational background: voluntary efforts or binding obligations, partnership with the states or on your own etc.
   b. How to change working methods.

3. What are the effects on the ground e.g. relationships with local communities? Where is the interface between state governance, companies and non-profit sector? What are the effects of state regulations on private firms and how would you evaluate the effects on public policy making in the end?

Mandy Rambharos, Eskom tbc
South African business and its involvement in policy making at the global level

After a short introduction of the energy company Eskom she mentioned the major challenges of the sector: the raising global energy demand; pressure for sustainable energy solutions connected to the problem of their affordability; climate change; shareholder and stakeholder values, and the need of developing countries for sustainable development.

She further stated that existing regulatory frameworks can often not be implemented due to a shortage of skills and resources. Despite lots of positive aspirations there is a policy vacuum.

She put emphasis on the important role of global partnerships and voluntary standards in filling some of these gaps.

She pointed out the necessity of various international and national actors to work together and to exchange their experiences. Moreover she mentioned the necessity to work across sectors to uncover each other's "blind spots".

Discussion

In the discussion, the following aspects were mentioned:

- The handling of CSRs in SA is not comparable to other countries like Germany or UK because of the specific circumstances of SA history. Debates around CSRs are generally lead before the background of Apartheid legacy.
- CSRs play an important political role in SA. CSRs have to be seen in line with the political norms. And as SA business is part of the reconstruction of SA, CSRs played a massive political role in SA.
- The problem of skills shortage in implementation is closer defined by the following aspects: how to bring skills on board, how to acquire skills, how to import skills on a long- and short-term perspective.
- There is no relationship between the BEE and the environmental agenda of South Africa's government policy.
- The separation of environmental and social issues is fundamental. One of the major problems is to find sponsorship for environmental projects, as for most of the funders social projects are much more attractive from a promotional perspective. Solution: Social, economic and environmental issues need to be brought together in terms of sustainable development and CSR.
- Business played an important role in the peaceful transition to democracy. There are two readings of business' role, the one is that it provided a crucial contribution; the other one is that it just co-opted the process to suit its own needs.
- There has been a massive shift in the CSR agendas in SA in the last 10 years. Today there is a self-regulation of business by its own standards and charters, which goes in collaboration with government.
- Often companies engaged in CSRs are not aware of the political impact of their actions.
- Question: What is governance?
  If business initiatives go beyond their private interests so that benefits the public good.

PART 2
Domestic level

Prof. Adrienne Heritier,
Chair of Public Policy, European University Institute, Florence
Business and public policy making in European countries

In the presentation of her project on CSRs in the European paper and PVC sector she analysed, to which extent a compulsory set of regulations is needed to push self-regulation of businesses. She then stated the different preferences of government, business and NGOs concerning the handling of CSR implementation.

The general approach to self-regulation from government side is that they tend to prefer a more structured and obligatory framework, in which self-regulation can be executed. Business prefers the opposite approach: as much freedom and as little engagement as possible. NGOs go in line with the government approach.

Conclusion for her example from the PVC and paper industry in Europe is that self-regulation is more likely to happen when there is a credible thread of legislation and controlling, which is strengthened by credible NGO campaigns. In the absence in of a thread of legislation strong market incentives can help to maintain implementation. In the absence of both the implementation will be poor.

She raised the question whether in a comparably weaker state like SA, existing regulations of industry foster regulatory activities on the part of public actors.

Andre Fourie, NBI
Business and public policy making in South(ern) Africa

On NBI (National Business Initiative)

To understand the role of the business unity in SA, it is important to understand the range of relationships between government and business. Only in the recent years has it been possible to build a (racially) unified business structure, which makes it possible to talk nationally and internationally as one South African business body.

The NBI is comprised at different levels, which engage with government in their specific ways.

He emphasised the advantages of a unity like the NBI in contrast to single institutions, in terms of good corporate citizenship and responsible business leadership.

He then focused on the SA criminal justice system and stated that one of the major weaknesses of this system is the lack of coordination and cooperation between the leading departments. Here the NBI comes in cooperation with NGOs to assist the

government in re-coordinating and reorganising the management structure for the criminal justice system.

Discussion

- Concerning the question whether in SA existing regulations of industry foster regulatory activities on the part of public actors by Prof. Adrienne Heritier, the following contribution has been made. In SA the situation is different because the legislatory enforcement capacity is weak and business is to some extent expected to fill this gap. Whereas the European example shows that if there is a lack in enforcement capacity business is much more reluctant to engage in any kind of regulation.
- One has to look at CSR of the perspective of three generations of CSRs:
  1. Welfare
  2. Risk management
  3. Prosecutorship and public advocacy on a global stage
  4. Today there is a fourth generation of CSR: Business is aware that not dealing with social and environmental challenges results in a loss of their competitiveness in the country. Competition therefore seems to be a good driver for business to engage in CSR.
- Concerning the question whether business wants regulation someone stated, that business wants good and enabling regulations and there is nothing business fears more then an environment of unpredictability.
- The question of accountability is another important aspect, because in many cases businesses fear to be blamed for the failure of an initiative in which they were involved in.
- Someone raises the point that in other African countries there is a situation of distrust between government and private sector and asks whether that counts for SA as well.
- The answer given is that on are:
- On the municipality level business is severely afraid of loosing competences as they are investing a lot of money but the state is still the dominant decision maker.
- In SA an ideological (socialism) driven suspicion against the private sector is widely spread.
- The capacities of municipality are not sufficient thus they have to cooperate with the private sector. Partnerships are difficult to manage and business criticises they are often not granted to contribute their own ideas in the project.
- Not enough analysis on how to make business engagement accountable, sustainable and systematic.

- A growing number of companies realise that their business will fail if they don't take social responsibility. Yet it happens that they are not prepared to assist in a cooperation with finances.
- Referred to collective action problem like corruption, where is often the problem that companies who sign e.g. the global compact might be in a competitive disadvantage to those who didn't. Therefore these regulations have to be wisely thought through.
- SMEs are disadvantaged in regard to self-regulation.

Round Table Discussions

Jana Hoenke gave a short introduction on the project and posed the following critical questions that came up at the current state of their project:

1. When does business proactively engage with public actors? What about the characteristics of public actors in terms of capacity and how far are they considered as accountable and what about the relationship between business and government actors, e.g. in regard to trust?
2. Should we reverse our project's question in the sense that we are not only focussing on when business approaches government but on the state as a driving actor. The question then will be, when does state approach business to contribute to the provision of common goods and under which conditions does business respond?

Discussion

- Multinational companies seem to be the most responsible but the critique lays in the fact that in many cases the programs that have been developed in the head offices don't reach the respective countries on a practical/implementary level.
- Suggestion that national priorities like education, skill shortage, poverty etc. should be dealt with by all companies, whereas area or sector specific issues should be in the responsibility of the respective companies e.g. environment in the mining sector.
- Mining industry is in a way more pressured to be engaged in CSRs in a holistic way because most of them are based within communities where they recruit their workers from. So they are immediately exposed to the deficient situations in the community.
- To what extend companies engage in CSRs depends also on their size.
- Although there are some implementation problems, the South African legislature is very progressive in terms of, for instance, human rights and environmental

regulations. The role of government reaches beyond direct command and control as it also fulfils the function of a role model.

- There are cases where state and business have to drive each other, e.g. in the case of HIV/Aids where the nation is in danger of loosing a whole generation and with that their working force.
- Comparison of the political fields of environment and HIV/Aids

Environment:
- Regulations on environment are on the books, but lack implementation.
- Business initiatives are the driving force in the implementation of environmental regulations. Government appreciates this.
- The carbon and climate situation is an exception, in this case government acts, like on the HIV/Aids issue, with no regulations or targets.
- In opposition to the HIV/Aids issue, there are several international laws on environment and environmental issues have an international presence.

HIV/Aids:
- On the HIV/Aids issue the South African government is reluctant, they want standards but no legislation.
- Whenever business is starting initatives or asks for regulations they are set back by government.
- Business seems to be much more active and much more the driver then it appears to.
- HIV/Aids in this area is relatively new so there are no international laws, no international prescence, there is no sort of global effort and standards on HIV/Aids, so the drive for business to engage in the field is different to that of environment where are Worldbank standards etc.

Further questions:
- In how far is access to health service available at the local level? Or is it just on the books?
- To what extent do provinces get leverage through the constitution and existing legislation for their own initiatives?
- The answer is positive concerning climate change and the referred legislation is the "preventable climate change and renewable energy strategy"
- The mining sector has a massive impact on environment as well as on social issue. Because of their particular situation of being located within the community for an estimated period of more than thirty years, it is important they are in good terms with the community.

- Mines also face the problem of informal settlements and although there are statutory frameworks, like the integrative development plan and the GTZ supporting policy initiatives, which deal with this problem, are due to the challenges on the local level not successful.

Key points

- Debates around CSRs are generally lead before the background of Apartheids legacy. And therefore SAfrican CSR debates differ from those in other countries.
- CSRs play an important political role in SA. CSRs have to be seen in line with the political norms. And as SA business is part of the reconstruction of SA, CSRs played a massive political role in SA.
- In SA the situation is different to European countries because the legislatory enforcement capacity is weak and business is to some extent expected to fill this gap.
- Problems in the cooperation between government and business occur in the fields of reliability and trust and disagreements in the sphere of competences.
- Business is aware that not dealing with social and environmental challenges results in a loss of their competitiveness in the country. Competition therefore seems to be a good driver for business to engage in CSR.
- Mining industry is in a way more pressured to be engaged in CSRs in a holistic way because most of them are based within communities where they recruit their workers from. So they are immediately exposed to the deficient situations in the community.
- Social and environmental issues handled differently. Separation between environment and HIV/Aids.
- Despite existing international and national regulations on CSRs are often not implemented due to a lack of capacity.
- Importance of various international and national actors to work together and to exchange their experiences to help filling some of the implementation gaps.